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ORIGIN EB-11

INFO OCT-01 EUR-25 IO-13 ADP-00 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-10 PA-03 RSC-01 AID-20 CIEP-02 SS-15

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 OMB-01 /182 R

DRAFTED BY EB/OT/TA:JCRAWFORD/COM:WKRIST/STR:RMATTHEISEN
8/15/73 1719

APPROVED BY STR/RRBRUNGART

TREASURY:CLEIGH

COMMERCE:WKRIST

EB/OT/TA:JHOLMES

AGRICULTURE:RPLANK

----- 102261

R 161238Z AUG 73

FM SECSTATE WASHDC

TO USMISSION GENEVA

INFO USMISSION EC BRUSSELS

AMEMBASSY OSLO

UNCLAS STATE 162357

E.O. 11652: N/A

TAGS: ETRD, GATT, EC, NO

SUBJECT: US QUESTIONS REGARDING EC/NORWAY ARRANGEMENTS

REF: GENEVA 3679

1. ARTICLES 1 AND 2

A) IS IT THE INTENTION OF THE PARTIES TO THESE AGREEMENTS
TO ACHIEVE A FREE TRADE AREA AS DEFINED IN ARTICLE XXIV,
PARAGRAPHS 5 THROUGH 9, OF THE GENERAL AGREEMENT?

B) WHAT WAS THE TOTAL VALUE OF IMPORTS BY THE EC OF NINE
FROM NORWAY FOR EACH OF THE TWO MOST RECENT YEARS FOR WHICH
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TRADE STATISTICS ARE AVAILABLE? WHAT ARE THE COMPARABLE

FIGURES FOR IMPORTS OF NORWAY FROM THE EC?

C) WHAT VALUE AND PERCENTAGE OF THESE IMPORTS ARE (1) INDUSTRIAL PRODUCTS AND (2) AGRICULTURAL PRODUCTS?

D) WHAT VALUE AND PERCENTAGE OF (1) IMPORTED INDUSTRIAL PRODUCTS AND (2) IMPORTED AGRICULTURAL PRODUCTS WILL BE FREE TO ENTER THE EC FROM NORWAY AND FREE TO ENTER NORWAY FROM THE EC WITHOUT PAYMENT OF DUTIES OR SUBJECT TO OTHER RESTRICTIVE REGULATIONS OF COMMERCE?

E) WHAT VALUE AND PERCENTAGE OF TRADE BETWEEN THE EC AND

NORWAY WILL NOT BE FREE FROM DUTIES AND OTHER RESTRICTIVE REGULATIONS OF COMMERCE UNDER THE PROVISIONS OF THE AGREEMENTS?

F) WHAT VALUE AND PERCENTAGE OF TRADE REMAINS SUBJECT TO A VARIABLE LEVY OR TO A VARIABLE COMPONENT?

G) WHAT VALUE AND PERCENTAGE OF TOTAL IMPORTS FROM EC TO NORWAY AND FROM NORWAY TO EC ARE COVERED BY ANNEX I (PRODUCTS EXCLUDED FROM FREE TRADE)?

2. ARTICLE 3: IS THE AGREEMENT NOTIFIED AS AN INTERIM AGREEMENT LEADING TO THE ESTABLISHMENT OF A FREE TRADE AREA CONSISTENT WITH GATT ARTICLE XXIV?

3. ARTICLE 4

A) WOULD NORWAY SUBMIT A LIST OF ALL CUSTOMS DUTIES CONTAINING A FISCAL ELEMENT AND A LIST OF ALL PRODUCTS ON WHICH A FISCAL ELEMENT APPLIES?

B) ON WHICH PRODUCTS DOES NORWAY INTEND TO REPLACE DUTIES IN THEIR ENTIRETY BY INTERNAL TAXES AND ON WHICH PRODUCTS WILL A PORTION BE RETAINED AS A PROTECTIVE DUTY AND, WITH RESPECT TO THE LATTER, WHAT PORTION WILL BE RETAINED?

4. ARTICLE 6
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A) WHAT ARE THE CHARGES HAVING AN EFFECT EQUIVALENT TO CUSTOMS DUTIES CURRENTLY APPLIED IN EC/NORWEGIAN TRADE WHICH WERE INTRODUCED ON OR AFTER JANUARY 1, 1972?

B) WHAT CHARGES HAVING AN EFFECT EQUIVALENT TO CUSTOMS DUTIES ARE IN EFFECT AND WERE INTRODUCED PRIOR TO JANUARY 1, 1972?

5. ARTICLE 13: WILL QUANTITATIVE RESTRICTIONS TO HAVE BEEN ABOLISHED ON JULY 1, 1973 OR MEASURES OF EQUIVALENT EFFECT NO LATER THAN JANUARY 1, 1975 BE ELIMINATED ON AN MFN BASIS?

6. ARTICLES 23 THROUGH 28: SINCE THE CRITERIA GOVERNING THE IMPLEMENTATION OF SAFEGUARDS ARE VERY BROADLY DEFINED, THEREBY RENDERING IT VIRTUALLY IMPOSSIBLE TO ANTICIPATE HOW THE PROVISIONS WOULD BE IMPLEMENTED, HOW IS THE WORKING PARTY TO MAKE A JUDGMENT AS TO WHETHER FREE TRADE IS ACTUALLY INTENDED?

7. PROTOCOL 2

A) HOW ARE THE PROVISIONS OF PROTOCOL 2 JUSTIFIED IN TERMS OF THE PROVISIONS OF ARTICLE 15, PARAGRAPH 1?

B) HOW DO THE PARTIES TO THE AGREEMENT JUSTIFY THE ELIMINATION OF ONLY CERTAIN ELEMENTS OF PROTECTION WITH REGARD TO PROCESSED AGRICULTURAL PRODUCTS IN PROTOCOL 2, WHILE RETAINING OTHER ELEMENTS, PARTICULARLY THE VARIABLE COMPONENTS, OF PROTECTION, UNDER THE RELEVANT PROVISIONS OF GATT FOR THE FORMATION OF A FREE TRADE AREA?

C) WITH RESPECT TO THE ITEMS LISTED IN PROTOCOL 2 WHICH WILL CONTINUE TO BE SUBJECT TO A VARIABLE IMPORT LEVY, WILL THIS LEVY BE DETERMINED AND APPLIED IN ANY WAY DIFFERENTLY FOR IMPORTS FROM NORWAY THAN FOR IMPORTS FROM THIRD COUNTRIES.

D) DOES ARTICLE 1 OF PROTOCOL 2 MEAN THAT NORWAY MAY INTRODUCE VARIABLE LEVIES ON THE AGRICULTURAL COMPONENT
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IMPORTS OF PRODUCTS LISTED IN PROTOCOL 2? IF SO, WILL LEVIES BE DETERMINED AND APPLIED IN ANY WAY DIFFERENTLY FOR IMPORTS FROM THE EC THAN FOR IMPORTS FROM THIRD COUNTRIES?

8. PROTOCOL NO. 3

A) SINCE THE NEW ORIGIN RULES ARE MORE RESTRICTIVE THAN THOSE EXISTING UNDER EFTA ARRANGEMENTS, WHAT MEASURES MIGHT BE TAKEN TO PREVENT ADVERSE EFFECTS ON TRADE IN PARTS AND COMPONENTS FROM THIRD COUNTRY SUPPLIERS?

B) THE EC AND NORWAY TARIFFS LIST ONLY ONE HEADING FOR CORN, WHICH INCLUDES ZEA INDURATA CORN. WHAT IS THE JUSTIFICATION FOR THE EXEMPTION OF ZEA INDURATA CORN

LISTED FOR THE RULE APPLYING TO 19.05?

C) WHAT IS THE PURPOSE OF THE RULE THAT REQUIRES THAT AT LEAST 50 OF THE MATERIALS AND PARTS USED (NOT TOTAL VALUE OF THE PRODUCT) MUST BE ORIGINATING PRODUCTS? FOR EXAMPLE, THIS RULE APPLIES TO BTN 84.15, "REFRIGERATORS." IN SUCH A CASE, WOULD THIS RULE BE DESIGNED TO FAVOR ORIGIN PRODUCERS OF A MAJOR COMPONENT, SUCH AS THE COMPRESSOR?

D) WHAT IS THE BASIS FOR ALLOWING ONLY 3 OF THE VALUE OF THE FINISHED PRODUCT OF BTN HEADINGS 85.14, 85.15 AND 92.11 TO CONSIST OF NON-ORIGIN TRANSISTORS? WHAT IS THE DEFINITION OF "TRANSISTORS"? SPECIFICALLY, DOES IT INCLUDE MICRO-CIRCUITS?

E) WHAT IS THE PURPOSE AND JUSTIFICATION FOR THE RULE PERTAINING TO BTN 84.41 THAT REQUIRES THAT SEWING MACHINES MUST INCORPORATE ORIGIN THREAD TENSION, CROCHET AND ZIGZAG MECHANISMS TO QUALIFY FOR ORIGIN STATUS?

F) CHEMICAL PRODUCTS IN BTN CHAPTERS 28-37 MAY NOT INCORPORATE MORE THAN 20 OF MATERIALS FALLING WITHIN THE SAME HEADING IN ORDER TO QUALIFY AS ORIGIN. WHAT WAS THE FIGURE 20 SELECTED? HOW MANY TARIFF HEADINGS IN BTN CHAPTERS 28-37 INCLUDE BOTH MATERIALS AND THE FINISHED UNCLASSIFIED

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PRODUCT COMMONLY INCORPORATING THOSE MATERIALS?

G) THESE RULES OF ORIGIN GENERALLY APPEAR TO REQUIRE MULTIPLE CHANGES IN BTN TARIFF HEADING FOR TEXTILE PRODUCTS, THEREBY IN EFFECT REQUIRING THAT MANY PHASES OF THE PRODUCTION PROCESS BE PERFORMED WITHIN THE FREE TRADE AREA. WHAT IS THE JUSTIFICATION FOR REQUIRING THAT MULTIPLE PHASES OF THE PRODUCTION PROCESS BE PERFORMED WITHIN THE FREE TRADE AREA IN THIS SECTOR?

H) FOR MANY PRODUCTS IT IS IMPOSSIBLE FOR PRODUCERS TO PHYSICALLY SEGREGATE ORIGIN FROM NON-ORIGIN MATERIALS. IN THE CASE OF LIQUID CHEMICALS, FOR EXAMPLE, MATERIALS ARE OFTEN STORED IN LARGE CONTAINERS TO WHICH FRESH SUPPLIES ARE ADDED FROM TIME TO TIME, AND THE PROVISION OF SEPARATE CONTAINERS FOR ORIGIN AND NON-ORIGIN MATERIALS WOULD NOT BE PRACTICABLE. SPECIAL PROVISIONS FOR THIS WERE MADE UNDER THE ORIGINAL EFTA RULES. THUS, SUBJECT TO AUTHORIZATION, A PRODUCER MAY BE DEEMED TO HAVE USED EFTA AND NON-ORIGIN MATERIALS IN ALL HIS GOODS IN THE PROPORTION IN WHICH HE ACQUIRED SUCH MATERIALS OVER THE PERIOD OF ONE YEAR. ALTERNATIVELY, HE COULD SEGREGATE THE MATERIALS IN

HIS RECORDS IN THE SAME WAY AS THEY WOULD HAVE BEEN PHYSICALLY SEGREGATED, HAD THIS BEEN POSSIBLE. HE COULD THEN SELECT FROM HIS RECORDS THE MATERIAL HE REQUIRES AND KEEP A DETAILED RECORD FOR ALL THE FINISHED PRODUCTS FOR WHICH ORIGIN TREATMENT WAS CLAIMED.

IS IT THE INTENTION OF THE PARTIES TO THESE AGREEMENTS TO PROVIDE SIMILAR ALLOWANCES UNDER THESE NEW RULES? OR WILL PRODUCERS IN FACT BE REQUIRED TO MAINTAIN SEPARATE INVENTORIES, WAREHOUSING FACILITIES, ETC.? IN THE CASE, FOR EXAMPLE, OF A TELEVISION SET, ARE THE RULES OF ORIGIN TO BE INTERPRETED TO MEAN THAT EACH INDIVIDUAL SET MUST BE IN ACCORDANCE WITH THE RULES IN ORDER TO CLAIM ORIGIN STATUS? IF SO, DO THE PARTIES TO THESE AGREEMENTS BELIEVE THAT IT IS PRACTICAL FOR PRODUCERS TO MAINTAIN SEPARATE RECORDS (AND POSSIBLY INVENTORIES) FOR THE APPROXIMATELY 2,000 COMPONENTS MAKING UP A FINISHED SET?

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I) THE ORIGINAL EFTA RULES OF ORIGIN INCLUDED A "BASIC MATERIALS LIST" WHICH COVERED A VERY WIDE RANGE OF MATERIALS ESSENTIAL FOR THE MANUFACTURE OF INDUSTRIAL GOODS, AND WHICH EITHER WERE NOT AVAILABLE FROM EFTA SOURCES OR WERE AVAILABLE IN INSUFFICIENT QUANTITIES. THESE BASIS MATERIALS WERE ALWAYS REGARDED AS BEING OF EFTA ORIGIN WHEN USED IN THE PRODUCTION OF GOODS WITHIN THE EFTA AREA. WITHOUT THIS BASIC MATERIALS LIST, A LARGER PROPORTION OF INTRA-EFTA TRADE WOULD HAVE BEEN INELIGIBLE FOR ORIGIN TREATMENT. WE NOTE THAT THESE RULES OMIT A BASIC MATERIALS LIST. DO THE PARTIES TO THESE AGREEMENTS HAVE ANY ESTIMATES AVAILABLE AS TO THE VALUE AND PROPORTION OF TRADE THAT WILL BE EXCLUDED AS A RESULT OF THIS OMISSION? OVER TIME, THE OMISSION OF A BASIC MATERIALS LIST WILL SPUR EFFORTS TO DEVELOP THESE MATERIALS LOCALLY OR TO FIND ORIGIN SUBSTITUTES FOR THEM. DO THE PARTIES TO THESE AGREEMENTS HAVE ANY ESTIMATES REGARDING THE EXTENT TO WHICH THESE LATTER EFFECTS WILL OCCUR? ROGERS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 16 AUG 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE162357
Document Source: CORE
Document Unique ID: 00
Drafter: JCRAWFORD/COM:WKRIST/STR:RMATTHEISEN
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730834/aaaaaylr.tel
Line Count: 267
Locator: TEXT ON-LINE
Office: ORIGIN EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: GENEVA 3679
Review Action: RELEASED, APPROVED
Review Authority: kelleyw0
Review Comment: n/a
Review Content Flags:
Review Date: 06 SEP 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <06-Sep-2001 by reddocgw>; APPROVED <05 MAR 2002 by kelleyw0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: US QUESTIONS REGARDING EC/NORWAY ARRANGEMENTS
TAGS: ETRD, EC, NO, GATT
To: GENEVA
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005